



state senator

# Ryan Mishler

2005 LEGISLATIVE UPDATE

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## The State Budget: Holding the Line on Spending

### LEGISLATURE PASSES FIRST BALANCED BUDGET IN 10 YEARS

The Indiana General Assembly has passed a balanced two-year state budget that holds the line on spending, eliminates the structural deficit, adds no new state taxes, provides \$4 billion in property tax replacement credits and adds \$112.4 million to K-12 education.

Senate Republicans voted to control state spending while boosting funding for K-12 education, scholarships for higher education and child protection. Medicaid funding is held to a 5 percent increase. This is in contrast to the 10 percent growth experienced during the current biennium.

The passage of this budget bill is quite an accomplishment. To overcome a \$600 million structural deficit and end up with reserves – all without new state taxes – is no small feat.

Education funding remained a top priority by the Senate Republicans. The school funding formula is driven by an innovative approach that funds children as individuals instead of simply funding corporations. Special factors are taken into consideration, such as poverty, single parent families and free lunches, when determining the level of funding that is to follow a child.

The General Assembly continually has increased education spending in past years, even when other states were cutting education. In 2003, Indiana had the highest

increase of K-12 funding in the country – during a national recession. The new budget gives more money and funding options to Indiana public schools than have ever been given in the history of the state.

Additionally, the state is distributing to local governments \$4 billion in property tax replacement credits (PTRC), in an effort to provide relief to homeowners and other property tax payers. Local governments and schools keep 99.9 percent of all property taxes, which are levied by local governments and schools. Half of all revenue raised by the state sales tax is used for PTRC, as is 14 percent of the income tax and nearly a half billion dollars every year from the wagering tax.

Earlier in the session, Senate Republicans voted to pass a measure to reform the property tax system by giving local governments an option to shift the property tax burden to an income tax in order to be more fair and equitable to Hoosiers. The initiative was successful in the Senate but failed to receive consideration in the House of Representatives when the bill met substantial opposition from local government officials.

The new budget is a prescription for positive change in Indiana. It is the first balanced budget crafted by legislators in 10 years. I strongly support efforts to keep spending down while providing adequate funding for essential services.

### New Law Addresses Meth Epidemic

Meth is a dangerous drug with high potential for serious addiction. It produces physical effects similar to cocaine, but the long-term damage to a meth user's body is much worse.



In 2003, Indiana law enforcement seized 422 meth labs, more than any other Midwestern state, according to the U.S. Drug Enforcement Administration. Home labs are on the rise in rural areas of Indiana. It is difficult to catch meth producers because all of the ingredients needed to manufacture meth can be purchased legally and are relatively inexpensive.

This year, the General Assembly passed Senate Enrolled Act 444, placing restrictions on the sale and purchase of drugs containing ephedrine or pseudoephedrine, which are commonly found in over the counter cold and allergy medicines.

Retailers now must store such drugs in a locked display case or behind a counter that requires employee assistance. Pharmacies may place the drugs directly in front of the pharmacy counter in the line of sight of a pharmacy employee and in an area under constant video monitoring.

Customers purchasing these drugs must present identification and record their names, addresses and driver's license or other ID number in a log book provided and maintained by the retailer.

The bill bars retailers from selling the drugs to individuals under age 18 and allows no more than 3 grams of drugs containing ephedrine or pseudoephedrine in any one transaction. It also prevents customers from purchasing more than 3 grams of such drugs in a single week.

The spread of this drug is having a major, devastating impact on our communities, and we have to fight back with every available weapon.

## FACTS & FIGURES

### FROM THE 2005 LEGISLATIVE SESSION

The First Regular Session of the 114th General Assembly began on Organization Day, November 16, 2004, and adjourned April 29, 2005.

This budget year was known as the “long” session.

Senate bills introduced: 647  
Senate joint resolutions introduced: 10

Senate bills passed: 164  
Senate joint resolutions passed: 1

House bills introduced: 859  
House joint resolutions introduced: 18

House bills passed: 85  
House joint resolutions passed: 1

Percent of introduced bills that were sent to the governor: 17%

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Sen. Mishler reviews a bill with a member of the governor's staff.

### Senate Puts the “Security” In Social Security Numbers

Identity theft has become a crisis in the United States in the past several years. As of September of 2003, 27.3 million Americans had been victims of identity theft, with more than 9 million of those occurring in 2003. The cases of identity theft in that year cost businesses and financial institutions \$48 billion, and cost consumers \$5 million in out-of-pocket losses. At least two high-profile cases recently occurred in state government.

Senate Enrolled Act 503 makes it a Class A felony for an agency to knowingly disclose a Social Security Number (SSN) without written consent from the individual. There are currently 62 state agencies that collect SSNs.

This legislation is a positive precautionary measure that will help decrease the instances of identity theft in Indiana.

### Vote Early, Vote Once

Voting in a fair and credible election is at the heart of American citizenship. It is the Legislature's responsibility to adopt policies that ensure each vote cast is legal. Of all the election reform initiatives, none may be as critical as Senate Bill 483.

SB 483 requires citizens to show government-issued photo identification at the polls before voting. Photo IDs are required for many commonplace circumstances that Americans face every day, like renting a video or obtaining a library card. It only makes sense that a photo ID be required for something as important as voting.

Objections to requiring a photo ID stem from a concern that some voters cannot afford the fee needed to purchase a state ID card. The Bureau of Motor Vehicles, though, will grant free ID cards to those who cannot pay. Residents of nursing homes are protected, as well as those who have a religious objection to being photographed.

In 2003, the BMV issued 5.6 million driver licenses and 1.4 million state ID cards. In a state whose adult population is just over 4.5 million, it's hard to imagine negative effects from this law.

## Much Accomplished in 2005

A variety of issues didn't make big headlines, but they may make a big impact on Hoosiers.

Many feel daylight-saving time and the expansion of the Indianapolis convention center and new stadium dominated the 2005 legislative session, but the General Assembly passed many initiatives that will be beneficial to citizens across Indiana. We addressed issues such as election reform, National Guard benefits, child protection laws, agriculture, and improving health care services. The following are just a few examples of this year's accomplishments:

**Elections** — We worked hard this session to give voters confidence that our elections will be fair, open and honest. A new law tightens restrictions on obtaining an absentee ballot. The bill does not make registering to vote more difficult; it simply creates new safeguards to protect the rights of honest absentee voters. We also passed legislation that will require voters to show a picture ID issued by the state or federal government (such as a driver's license or state ID card). Without proof of identification, it is easy for fraudulent voters to use different names at different times on Election Day. Considering recent nationwide voting problems, and some within Indiana, this is a common-sense step to help prevent fraud.



**National Guard Benefits** — Our National Guard members are serving overseas in Bosnia, Kosovo, Afghanistan, Iraq and several other countries. Because of the huge sacrifice these men and women are making on our behalf, we passed a measure that exempts spouses and children of Guard members killed in the line of duty from paying tuition at any state educational institution. This bill was authored to help support those dependents and spouses who endure financial difficulties after losing a loved one in active duty.

**Child Protection** — The General Assembly also passed legislation aimed at protecting Hoosier children. Two bills in particular will enhance the effectiveness of our sex offender and violent offender registry.

The bills add the possession of child pornography to the 14 existing offenses and also allow neighborhood associations to receive the semi-annual updates of the list. We also created the Department of Child Services to handle child support, child protection, adoption and foster services. Our children are our most precious commodity, and should receive special attention from the state. This new department will focus only on children and their families.

**Agriculture** — Indiana is one of the nation's top agriculture states. This session, we created the Indiana State Department of Agriculture and consolidated duties that were once scattered across numerous agencies. The move costs Indiana taxpayers no additional money. In fact, we hope it actually saves money by merging the 10 separate agriculture boards and commissions into one large department. We also passed legislation that will encourage the use of our soybean and corn crops in the production of alternative fuels.



**Health Care** — We passed a bill that creates a panel of experts to develop a medical information system for Indiana. A medical information system would connect physicians' offices, pharmacies, laboratories, imaging centers, hospitals and other medical facilities. If a person became ill in another part of the state, a physician with proper authorization could have immediate access to the person's medications, medical history and lab and X-ray reports. That patient then would receive better, more personalized care. The panel must create a plan that will maintain privacy.

This year's session has been an eventful one, full of activity. Although the 2005 session has adjourned, my job as your senator is never finished, and I am available year-round to assist you.

## Through biofuel initiatives, Indiana encourages CLEAN ENERGY

Two significant clean energy initiatives have passed the Indiana General Assembly and have become law.

House Enrolled Act 1032 requires state government to fuel state vehicles with agriculture-based fuels, such as biodiesel, ethanol, or gasohol, whenever possible. Biodiesel is a clean burning alternative fuel, produced from domestic, renewable resources, such as soybeans. Biodiesel contains no petroleum, but it can be blended at any level with petroleum diesel. This helps improve air quality and our economy by taking advantage of resources from right here in Indiana. This bill was signed into law by the governor on April 1.

Senate Enrolled Act 378 will expand the tax incentives passed during the 2003 legislative session on the production and use of Indiana soy diesel and ethanol fuels and provide additional incentives for clean coal gasification plants. This bill covers all facets of processing - from soybean crushers to oil refineries to the service stations that will supply the fuel - while growing the demand for agricultural commodities and increasing farmers' profits. Ethanol production plants cost around \$79 million to build and don't receive these tax breaks until they are making a profit in our state.

SEA 378 provides an additional \$5 million for bio-diesel production, which will be divided into \$1 million sections for the refineries, wholesale, blenders, and service stations that carry the fuel. The bill also expands the tax credit from \$10 million to \$20 million for large ethanol and soy diesel production plants. This will provide a great opportunity for both soy diesel and ethanol plants.



Sen. Mishler explains a bill to cut down on the number of car accidents caused by motorists running red lights. The bill, which Mishler authored, passed the Senate but was defeated in the House.

Additionally, SEA 378 provides tax credits for companies who build and operate integrated coal gasification power plants in Indiana. Coal gasification is the process of using Indiana's high sulfur-coal and transforming it into clean burning energy.

Our state's use of coal has not kept up with our production. Since 1987, coal consumption in Indiana has increased by 30 percent, while Indiana's coal production has increased by only 3 percent. Currently, over half of the coal used to generate electricity is imported into Indiana. If Indiana coal were to replace imported coal, it would add \$1.35 billion and 18,000 jobs to our state's economy.

With rising gas prices and pollution issues, this alternative source of energy has great potential. This fuel is cheaper and better for our environment. Also, the economic possibilities of using and producing alternative energy here in Indiana are fantastic.

These measures are great achievements for our environment and our economy. I hope that we can take full advantage of these alternative sources of energy and make Indiana a leader on this issue.

## Legislature Returns Solvency to Medicaid

Nearly one in six Hoosiers receives Medicaid. For every dollar of state Medicaid funds saved, \$3 is removed from the health care economy in Indiana. These numbers show the importance of this program. The Senate remains determined to restore fiscal solvency to Medicaid.

Medicaid costs increased 10 percent last year, and without the aid of a federal grant of \$146.3 million and cost containment measures that trimmed another \$73.4 million, the state would have faced a \$241 million deficit. In spite of these actions, the program still posted a \$21.7 million shortfall.

Without significant policy changes, projected figures indicate another 10 percent increase this year. Given the tight financial constraints plaguing the state, an increase of this magnitude could bankrupt this vital program and take away money from other important programs like education. This year, a 5 percent increase was granted.

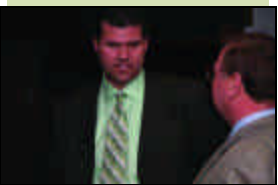
The Senate considers the Medicaid program one of the state's most important services and plans to identify ways to improve it, while keeping it fiscally sound. We want to make sure that Medicaid remains a program exclusively for those who are truly poor and in need

of services. This requires a full evaluation of program requirements and making adjustments as necessary.

One of the key elements involved with lowering the cost of Medicaid is purchasing long-term health care insurance. Many people assume that Medicaid will cover the cost of living in a nursing home, but many seniors have to buy down their assets in order to qualify for coverage.

The Indiana Long Term Health Care Insurance Program is a partnership between the state and insurance companies that allows seniors to protect their assets while receiving assistance to pay for long-term care. Because the average cost of one year in a nursing home is \$44,000, it is important to protect yourself against losing your life savings to pay for such care. For more information on this program, visit [www.longtermcareinsurance.in.gov](http://www.longtermcareinsurance.in.gov) or call 1-800-452-4800.

With federal cuts possible, states must find ways to curb spending now. The Indiana Senate remains determined to carefully evaluate every option available to restore fiscal solvency to Medicaid.



Sen. Mishler discusses legislation with Sen. Joe Zakas of Granger.

**SEA 12** — The "Code Adam" program sets a protocol for lost or missing children in certain state buildings. This initiative, on a smaller scale, is similar to the popular and successful "Amber Alert" program. **PASSED. My vote: YES**

**HEA 1501** — This bill establishes the position of inspector general, an employee of the governor, who works to weed out corruption. Years of scandal in previous administrations cost the state at least \$25 million; we may never know the full extent of misspending. **PASSED. My vote: YES**

**SEA 223** — This bill allows a person to have his or her blood type printed on a license, permit, or identification card. This could help in emergency situations, as health care providers would be able to determine a person's blood type without having to run tests. **PASSED. My vote: YES**

**SEA 56** — This bill creates the Department of Homeland Security (DHS) in order to coordinate the state's safety measures under a central entity. Currently, nine different entities deal with homeland security. **PASSED. My vote: YES**

**SEA 15** — This bill requires that absentee voters receive a "voter's bill of rights" that will provide them with the information they need to properly cast their vote. It also establishes penalties for certain election fraud offenses. **PASSED. My vote: YES**